

UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION

Alliance Companies	)	Docket Nos. RT01-88-____,
	)	ER99-3144-____, and EC99-80-____
Ameren Services Company on behalf of:	)	
Union Electric Company	)	(not consolidated)
Central Illinois Public Service Company	)	
	)	
American Electric Power Service Corporation	)	
on behalf of:	)	
Appalachian Power Company	)	
Columbus Southern Power Company	)	
Indiana Michigan Power Company	)	
Kentucky Power Company	)	
Kingsport Power Company	)	
Ohio Power Company	)	
Wheeling Power Company	)	
	)	
Consumers Energy Company and Michigan Electric	)	
Transmission Company	)	
	)	
Exelon Corporation on behalf of:	)	
Commonwealth Edison Company	)	
Commonwealth Edison Company of	)	
Indiana, Inc.	)	
	)	
FirstEnergy Corp. on behalf of:	)	
American Transmission Systems, Inc.	)	
The Cleveland Electric Illuminating Company	)	
Ohio Edison Company	)	
Pennsylvania Power Company	)	
The Toledo Edison Company	)	
	)	
Virginia Electric and Power Company	)	
	)	
Illinois Power Company	)	
	)	
Northern Indiana Public Service Company	)	
	)	
The Dayton Power and Light Company	)	

**INITIAL COMMENTS  
OF STATE COMMISSIONS  
ON ALLIANCE COMPANIES' OFFER OF SETTLEMENT**

Pursuant to Rule 602 of the Commission's Rules of Practice and Procedure, 18 C.F.R. §§ 385.602 (2001), the State of Michigan, Michigan Public Service Commission, Ohio Public Utilities Commission, Illinois Commerce Commission, Indiana Utility Regulatory Commission, and The Public Service Commission of West Virginia submit these comments on the limited Offer of Settlement ("Offer") filed by the Alliance Companies<sup>1</sup> in the above-referenced proceedings on October 12, 2001. As discussed in more detail below, while the State Commissions support the instant Offer, we cannot overemphasize how little this settlement accomplishes.<sup>2</sup> It creates a process through which stakeholders can advise an independent board that the Alliance Companies were obligated to create, but that does not yet exist.

Under the terms of the March 21, 2001 settlement in Docket Nos. ER01-123, et al., (March 21 Settlement) the Alliance Companies, among other things, executed an Inter-RTO Cooperation Agreement (IRCA) with the Midwest Independent System Operator (MISO) that would allow the development of a "seamless Midwest market" – the functional equivalent of a single RTO -- and to develop a process by which stakeholders could interact with and advise an independent RTO board. *Illinois Power Co.*, 95 FERC ¶ 61,183 at 61,640, 61,648, 61,650 (2001). On July 12, 2001, dissatisfied with the Alliance Companies compliance efforts, the Commission directed the Alliance Companies to establish an independent board "from the date of [its] order," so that (1) such a board, not Alliance transmission owners, would be making key business decisions prior to commencement of RTO operations and (2) stakeholders would have a

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<sup>1</sup> The Alliance Companies are identified in their October 12, 2001 joint Offer of Settlement.

<sup>2</sup> That the settlement is of limited scope should not in any way be construed to reflect state commission dissatisfaction with the fine efforts of the Commission's Dispute Resolution Service.

disinterested decisionmaker with which to interact. *Alliance Cos.*, 96 FERC ¶ 61,052 at 61,135, 61,146 (2001). The instant Offer does not address these critical issues. Instead, IRCA implementation continues at a snail's pace and, contrary to the representations in the Alliance cover letter accompanying the Offer, important business decisions continue to be made by the Alliance transmission company owners.

What the State Commissions can say is that the Offer establishes a reasonable and necessary stakeholder process for dealing with an independent board, *when* such a board comes into existence. It has utterly no value until that time. Accordingly, the State Commissions support adoption of the *instant* Offer of Settlement, but urge the Commission to take the steps necessary to ensure that the goals of the *March 21, 2001* Settlement are implemented as promptly as possible.

Respectfully submitted,

**STATE OF MICHIGAN,  
MICHIGAN PUBLIC SERVICE COMMISSION**

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And on behalf of the named state  
commissions

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of the foregoing document by first-class mail upon each party on the official service list compiled by the Secretary in these proceedings.

Dated at Washington, D.C., this 23rd day of October, 2001.

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Harvey L. Reiter

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